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WVLA-TV

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COMMUNICATIONS HOLDING CO., INC.

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October 20, 1993

Mr. James H. Quello
Chairman
Federal Communications Commission
Room 802
1919 M Street, N.W.
Washington, D.C. 20554

Re: Television Duopoly Proceeding
FCC Docket No. 91-221

Déar Chairman Quello:

I am writing to you in connection with the television duopoly proceeding because of your tenure at the Commission and your knowledge of the growth and development of the television industry in the United States over the past 20 years. As licensee of WVLA-TV, Baton Rouge, Louisiana, I filed comments in the television duopoly proceeding dated August 24, 1992. My comments in that matter argued that developments in the television industry in the past 20 years, specifically the proliferation of stations, the growth and development of cable television, the availability of satellite delivered television programming and the explosion in the home video market, not only rendered a prohibition on television duopolies obsolete, but in fact, actually placed terrestrial television stations at a tremendous competitive disadvantage in today's marketplace.¹ I pointed out that UHF stations such

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My views on the state of the television broadcast business generally comport with the views stated in OPP Working Paper No. 26, Broadcast Television in a Multichannel Marketplace, 6 FCC Rcd 3996 (Office of Plans and Policy 1991). The executive summary of that study stated:

In the next ten years, broadcasters will face intensified competition as alternative media, financed not only by advertising but also by subscription revenues, and offering multiple channels of programming, expand their reach and their audience. Television broadcasting will be a smaller and far less profitable business in the year 2000 than it is now. Although

CYRIL E. VETTER
CHAIRMAN AND CEO

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as WVLA must be allowed to combine with other local stations, either UHF or VHF, or they face a future much like the one facing stand-alone AM radio stations.

If anything drove that point home, it was the recent retransmission negotiations between local broadcasters and the cable television MSOs. TeleCommunications, Inc. ("TCI"), owns most, if not all, of the significant systems in my ADI. In addition, through interlocking directorates or affiliated corporations, TCI owns or has significant control of Liberty Media, Turner Broadcasting System, QVC, and others, who in turn program and protect popular cable channels like CNN, TBS, TNT, the Cartoon Network, Headline News, Black Entertainment Television, the Home Shopping Channels, the Discovery Channel, and others. All of these programming sources compete as a unit for viewers and advertising dollars against my single television station. Yet WVLA was required to negotiate individually with a cable television giant for retransmission consent. It is no wonder that TCI and other cable operators had the upper hand in retransmission consent negotiations.

It is also clear that our cable competitors will only get stronger as they align themselves with or are bought out by RBOCs and other huge enterprises. The trade press, as well as the popular press, contain a story a day about strategic alliances being formed by the RBOC's, the existing MSOs and other telephone and cable television providers, which totally exclude local terrestrial stations. TCI recently announced a multi-billion dollar merger with the Bell Atlantic telephone company, the second largest merger in the history of U.S. business. US West, Southwestern Bell, Bell South and the other RBOCs are still moving from the sidelines to the playing field in cable operations.

broadcasting will remain an important component of the video mix, small-market stations, weak independents in larger markets, and UHF independents in general will find it particularly difficult to compete, and some are likely to go dark. The analysis supports the conclusion that in the new reality of increased competition regulations imposed in a far less competitive environment to curb perceived market power or concentration of control over programming are no longer justified and may impede the provision of broadcast services.

6 FCC Rcd at 3997. Developments since 1991 have only reinforced these conclusions.

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Given the enormous changes in the television marketplace since the television duopoly rule was first adopted, a relaxation of the rule to allow UHF-VHF combinations or UHF-UHF combinations is a small but necessary step to redress the current imbalance in the marketplace. The possible combination of UHF and VHF in intermixed or unequal facility markets and reasonable combinations in equal facility markets would insure the viability of small and medium market stations in a universe of exponentially increasing viewer choices and station competitors.

Under present marketplace conditions, to preclude television duopolies of the kind I and others argued for in the comments filed in the above-referenced proceeding is grossly unfair and punitive. I hope you will agree that the competitive landscape is so different in 1993 from what it was in 1963 that reasonable measured change in this matter is not only called for but long overdue.

It is clear that the FCC's modification of the radio ownership rules has received a positive response in the marketplace and from the capital markets, with no discernible negative impact on competition or diversity of viewpoints.

I will be visiting Washington during the week of November 8 and will contact your office about a meeting to discuss these issues. I look forward to seeing you and hearing your views.

Very truly yours,


Cyril E. Vetter

/lej

cc: Commissioner Andrew C. Barrett
Commissioner Ervin S. Duggan
Acting Secretary William F. Caton (2 copies)